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LB 561

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 1999-2000		FY 2000-2001	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include impact on political subdivisions. See narrative for political subdivision estimates.

LR 19CA proposes a constitutional amendment to be submitted to Nebraska voters in November 2000. The amendment would place the general government of higher education in Nebraska under a newly created Higher Education Board of Regents. The Board of Regents of the University of Nebraska, the Board of Trustees of the Nebraska State Colleges, and the Coordinating Commission for Postsecondary Education (all constitutionally designated entities currently) would be eliminated. LB 561 is apparently introduced as a companion to LR 19CA with its stated purpose to reflect the intent of the Legislature in passing and providing implementing legislation for the constitutional amendment. The fiscal impacts of the proposed constitutional amendment as well as LB 561 are contingent upon actions of the voters in considering the proposed constitutional amendment in November 2000. Further, LB 561 provides that upon passage of the constitutional amendment, the Education Committee of the Legislature shall introduce legislation to implement the constitutional amendment. Among other items, this implementing legislation is to transfer powers and duties to the Higher Education Board of Regents. Given the foregoing, significant unknowns exist in assessing the fiscal impact of LB 561. Under an assumption that Nebraska voters would indeed enact the proposed constitutional amendment, potential fiscal impacts can be addressed in general terms. Fiscal impacts of the legislation would occur primarily after the 1999-01 biennium.

With the higher education governance organization provided in LB 561/LR 19CA; the eight-member (voting) Board of Regents, the seven-member (voting) Board of Trustees, and the eleven-member Coordinating Commission for Postsecondary Education would be eliminated. A single board ultimately consisting of 14 voting members would replace the two boards and one commission that currently consist of a total of 26 voting members. Nonvoting student members of the newly created Higher Education Board are to consist of the student body president from state higher education institutions as to be provided by implementing legislation. For the sake of this analysis, the number of student representatives for the new Higher Education Board are assumed to be comparable to the number of current representatives for the current Boards of Regents and Trustees. An overall reduction in the number of board/commission members would result in related reductions associated with general support costs for the new board membership.

It is presumed the new Higher Education Board would choose to maintain a central governance support and central administrative structure to support the board and new higher education system in a fashion comparable to the University of Nebraska Central Administration's current role and the Nebraska State College System Office's current role. Resource requirements for the new Higher Education Board's central governance and administrative structure would not necessarily be additive of the two existing organizations' current resources. State General Funds and Cash Funds budgeted for FY 98-99 to support the University of Nebraska Central Administration (including centralized computing services) approximate \$14,980,000 while FY 98-99 General Funds budgeted for the Nebraska State College System Office approximate \$625,000.

LB 561 would provide that certain current functions and responsibilities of the Coordinating Commission for Postsecondary Education would become the functions and responsibilities of the new Higher Education Board. Other current functions and responsibilities of the Coordinating Commission (e.g., administration of student financial aid programs, higher education data bases, Eisenhower Professional Development [federal] Program) appear not to be specifically addressed by LB 561. Such functions and responsibilities presumably would be addressed by implementing legislation subsequent to adoption of the constitutional amendment as addressed in Section 1 (2) of the bill. Given the uncertainty of intended responsibility for administration of these current Coordinating Commission functions and responsibilities it is difficult to address fiscal impacts as they relate to the new Higher Education Board's assumption of current Coordinating Commission functions and responsibilities. FY 98-99 General Funds budgeted for Coordinating Commission operations approximate \$961,000. Dependent upon the extent to which the new Higher Education Board would assume all current Coordinating Commission functions and responsibilities, a transfer of some proportion of related budgetary resources to the new board would appear to be warranted.

An effective merger of the Nebraska State Colleges with the University of Nebraska will presumably have operational and personnel impacts too numerous to individually identify. Among other items, such impacts generally may include consolidation of disparate

employee compensation systems; consolidation of aspects of human resource and financial management systems; consolidation of certain operational services possibly including computing, purchasing and procurement of goods and services; consolidation of insurance coverage and revisions to other aspects of risk management; and, consolidation of legal services. While efficiencies may be achieved with respect to the foregoing and other factors, quantifying such potential efficiencies is indeterminate.

Although LB 561/LR 19CA apparently would not require it, consolidation and reorganization of academic programming at the various institutions may occur under the new Higher Education Board. Related fiscal impacts would, however, be dependent upon future actions of the new board that cannot be predicted.